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MONTANA
LETTER

December 12, 1974

Wool
Wool

Our wish for each of you is peace and happiness for this Christmas season, and throughout the coming year.

We would also like to thank each of you who served on ASC committees this year. We hope the satisfac-

tions you have experienced while fulfilling your duties as a committeeman have far outweighed the difficulties and possible frustrations you may have encountered during the year.

Some of you will not be serving on committees next year. We are sorry to see you go and hope that sometime in the future you will again bring to the committee system your abilities.

WOOL REFERENDUM PASSES

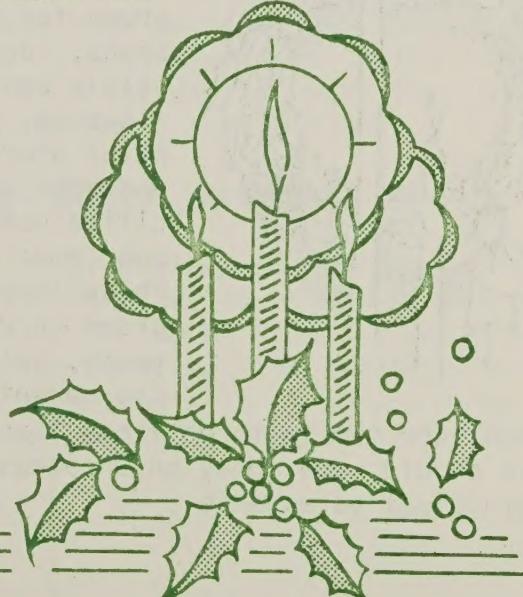
Wool producers have voted to continue deductions from CCC program payments to finance the promotion of wool by a substantial margin. About 85.5 percent of the producers owning 87.8 percent of the sheep represented by those voting favored the continuation of the advertising and other market development activities under a proposed new agreement between the Secretary of Agriculture and the American Sheep Producers

Council, Inc. In Montana 89.9% of the producers owning 92.2% of the sheep approved the referendum.

The proposed agreement authorizes continued deductions for the four years 1974 through 1977. Deductions are authorized at rates up to $1\frac{1}{2}$ cents a pound on shorn wool and $7\frac{1}{2}$ cents a hundred-weight on unshorn lambs, the same rates as for the past 8 years.

Expenditures for wool and lamb promotion during the year ended June 30, 1974, were about \$2.2 million and the budget for the current year is \$1.6 million.

The Council's wool promotion is on a National basis in cooperation with other segments of the industry which provide additional or matching funds. Lamb promotion is now concentrated in high lamb-consuming areas. The promotion activities include advertising, merchandising and education.



FARMERS % DOWN

It came as no surprise to anyone that the retail cost of a market basket of food was higher in October 1974 than in January. In January the annual cost of the market basket was \$1680. By October the price has risen to \$1779. Of this the farmer's portion had declined \$43, from \$777 to \$734 in October. At the same time the middleman portion rose \$142, from \$903 in January to \$1045 in October. Thus the farmer's share of the market basket had declined from 46% to 41%, while the middleman's share rose from 54% to 59% of the market basket value.

1975 FEED GRAIN PROGRAM

The 1975 national feed grain allotment has been announced at 89 million acres. This acreage, as in the past, represents the acreage needed to produce grains for exports and domestic use. The 1975 projected yields for feed grain are 93.0 bu. for corn and 45.5 bu. for barley.

The continuation of 1974 average loan levels was also announced. These are \$1.10 for corn, 90¢ for barley, 54¢ for oats and 89¢ for rye.



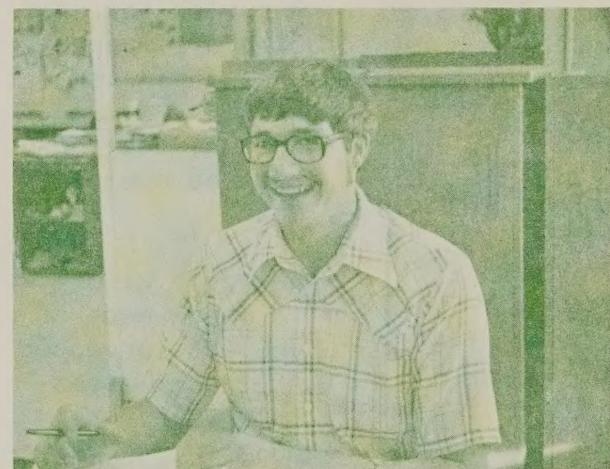
prices are two to three times loan levels. This should save money on unnecessary administrative expense.

Beginning in 1975 there will be no loan programs for soybeans, dry edible beans, flaxseed, gum naval stores and honey. Little use has been made of these loan programs in recent years, because the market

Wheat and feed grain loans will now mature 12 months from the first day of the month in which the loan is made. This should attain more flexibility in marketing crops under loan.

NEW CED TRAINEE

Tom Montgomery of Bozeman has become the third CED trainee in the state. Tom was raised near Lewistown on a diversified



farm raising grain and cattle. He received a B.S. in Secondary Education from Eastern Montana College in 1971. Since then he has been teaching in a rural school near Bozeman.

Tom married the former Christie Hamilton in June of 1969, and they are the proud parents of a baby girl, Latisha, born October 5 of 1974. When asked about his hobbies, he said hunting, fishing, hiking. It seems if it's outdoors, he likes it.

Tom is based in Gallatin County.

FS DE LOAN STATUS

New loans made for storage facilities and drying equipment during the first four months of fiscal year 1975 amounted to \$10,396,589, as compared with \$41,241,342 for the same period a year earlier. Loans outstanding under this program as of Oct. 31, 1974, compared with Oct. 31, 1973, amounted to \$240,473,625 & \$270,378,206 respectively.

INFLATION - WHOSE BABY?

Inflation is much on everyone's mind these days. We are excerpting for your benefit some comments contained in the newsletter of the Northwest Country Elevator Association, courtesy of Pete Stallcop.

"We frequently hear statements from members of Congress: 'Nobody benefits from inflation and we had better get it under control.'

After looking at recent national income accounts statistics, it seems fair to infer that if anyone brings inflation under control it would not be the government.

Looking at the years between 1971 and 1973, an interesting scenario may be established. During that period national income, that is, the total income of persons and businesses, increased from \$859.5 billion to \$1,053.1 billion or about 22.6%.

During that same period Federal Government receipts increased from \$198.9 billion to \$265 billion or almost 34%. What this means is that federal receipts are growing about 65% faster than national income.



This means as inflation pushes income up, the government, through the progressive income tax, is not only taking a larger share of your income,

income, but a larger share of all the income of businesses and individuals in the nation.

In 1971 federal, state and local governments took about \$3.75 out of every \$10 in income earned, leaving the American people with \$6.25 to spend on their own.

In 1973 government took \$3.97 out of every \$10 in income, leaving business and individuals with \$6.03 in income out of every \$10 earned.

What this means to you is that if this trend continues, the government, at all levels, will be taking over half your income by 1981.

So who benefits from inflation?"

BREAD WHEAT COST

A wheat situation report by the Department's Economic Research Service showed a one-pound loaf of white bread averaged 34.7 cents in the third quarter of this year, compared with 27.7 cents in the same quarter last year (July-September 1973).



The farm value of wheat in a loaf of bread averaged 5 cents during the third quarter this year, compared with 4.5 cents in the same quarter last year.

Thus, the retail price of bread rose seven cents over a 12-month span, while the farm value of wheat used to make that loaf of bread increased one-half cent.

FARM COSTS INCREASE

Costs of production on Montana farms & ranches rose sharply this past year according to the MT Crop & Livestock Reporting Service. The September 15 index of prices paid by agricultural producers was 252 percent of the 1947-49

base period - a gain of 21 points (9 percent) above a year ago. Prices received index was 173% of the 1947-49 base - a decline of 28 points (14%) from a year ago.

The September 15 Montana parity ratio which expresses the purchasing power of a unit of farm product in terms of goods and services which farmers could buy with the same unit of product in relation to the base period was 69 - a decline of 23 points (25 percent) from a year ago.

WORLD FOOD CONFERENCE REPORT

The Conference agreed that increased food production is essential in both developed and developing areas. Besides the internal measures necessary in developing countries, the Conference recognized that additional funds will be required to help developing countries increase production. The U.S. supported the creation of a voluntary fund. OPEC countries recommended establishment of such fund. General approval was expressed. No specific dollar amounts were proposed.

Re food aid, the Conference recommended that grain exporting & importing countries, as well as present & potential financial contributors meet as soon as possible on immediate food problems. A meeting is scheduled for Nov. 29 in Rome.

A Global Information & Early Warning System on Food and Agriculture was agreed on. It was agreed that FAO is the most appropriate organization to supervise the system. All governments were invited to participate. At first the system will concentrate on basic foods, particularly grains. Later, more commodities will be included.

A World Food Council was approved. The Council will have coordinating, consultative & advisory power with respect to food aid, investment, & other foreign assistance. About 25 members are to be

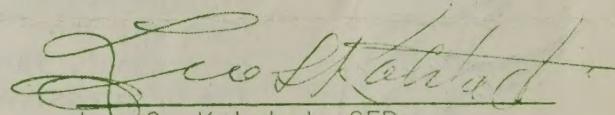
nominated by the UN Economic & Social Council, and elected by the UN General Assembly.

HELEN ROBINSON RETIRES

Helen, after 23 years in the Valley County office, retired on November 9. Helen's husband is semi-retired, and they plan to continue living in Glasgow. Their son, Tom, lives in Long Beach, California; and their daughter, Leah Jo, lives in Seattle. Helen also has a brother living in Minot, North Dakota, that she has mentioned visiting. The possibilities for traveling look pretty good. Friends tell us that Helen is enjoying being at home and getting ready for Christmas. We'll miss you Helen, and let us hear from you once in a while.

Other familiar faces that will be missing because of our reduced workload count are: Lela Jurenka, Chouteau County; Daryl Gill & Bob Hitchcock, Fergus; Marie Hollingshead, Hill; Marjorie Rose, Phillips; Dixie Leys, Pondera; Pat Boyer and Einer Jensen, Richland; Randal Baxter & Elaine Portra, Roosevelt; Lois Holtan, Sheridan; and Joan Scott, Teton.

Our best wishes go with all of you, and we hope to see you from time to time.



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MERRY CHRISTMAS
— AND A —
HAPPY NEW YEAR!